



Ethiopia's Ten-year Development Plan

Priorities, prospects, and challenges ahead

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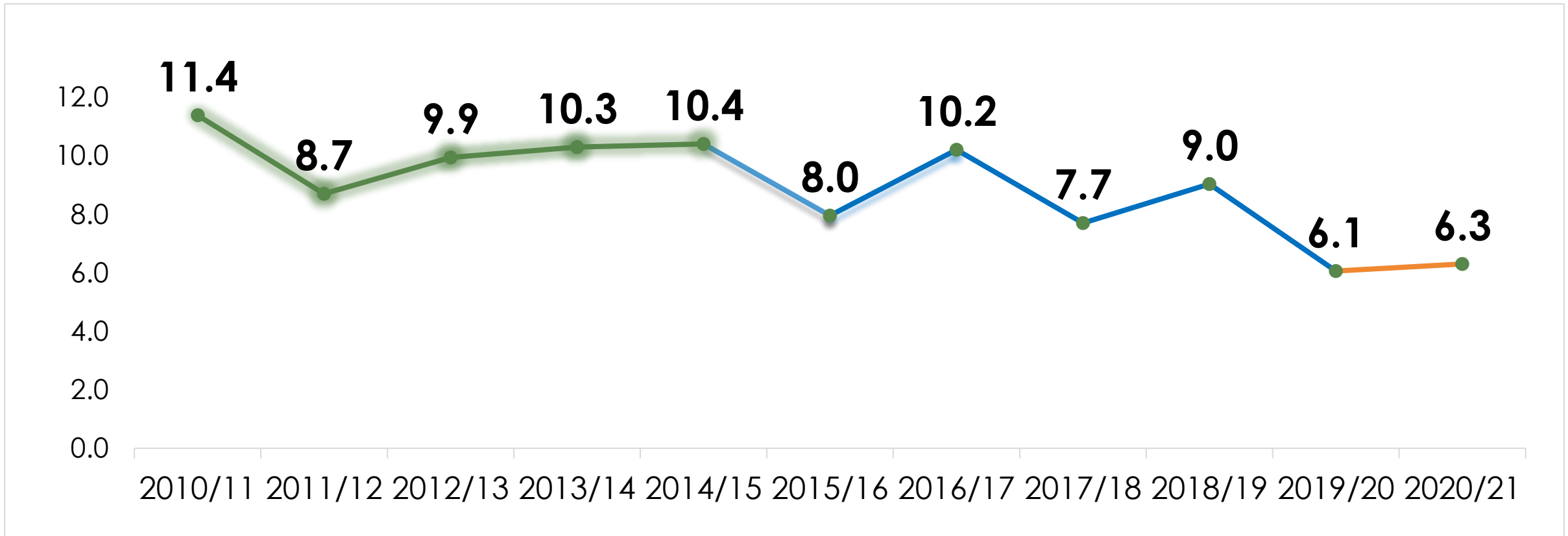
Addis Ababa

03 March 2022

Remarkable Growth Under GTP I and GTP II



Real GDP Growth Rate: **10.14% during GTP I** and **8.2% during GTP II**



Regardless of the huge strides in GDP Growth, Poverty Reduction, Physical Infrastructure, and Social Developments; various challenges persisted



Macroeconomic Imbalances

Unsustainable Debt

Rising Budget Deficit

Persistently Rising Inflation

Dwindling FOREX Reserves & Exchange Rate Challenges

Structural Bottlenecks

Regulatory Hurdles

Logistical Issues & Institutional Rigidities

Red tape/bureaucracy

Mismanagement of SOEs & Public Projects

Sectoral Inefficiencies

Low Capacity Utilization

Low Productivity

Low Export Competitiveness

Low Capacity for Sustainable & Decent Job Creation

Call for Urgent Need to Respond to the Challenges



- ❖ A Comprehensive **Homegrown Economic Reform** Agenda with a well-synchronized set of measures was launched in 2019 to:
 - redress macroeconomic imbalances,
 - resolve structural bottlenecks, and
 - solve sectoral inefficiencies by unlocking new growth potentials

Key Pillars and Focus Areas of the Reform



Macroeconomic Reform

Strengthen Public Sector Finances

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Correct FOREX Problems

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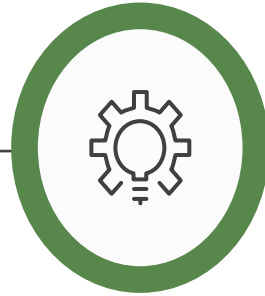
Control Inflation

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Address Debt Sustainability

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Improve Access to Finance



Structural Reform

Streamline regulations

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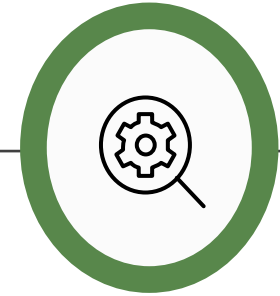
Energy Sector Reform

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Trade Facilitation and Logistics Reform

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Improve status & management of SOEs, Liberalization



Sectoral Reform

Agriculture sector reform

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Manufacturing sector reform

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Tourism reform

-

Mining sector reform

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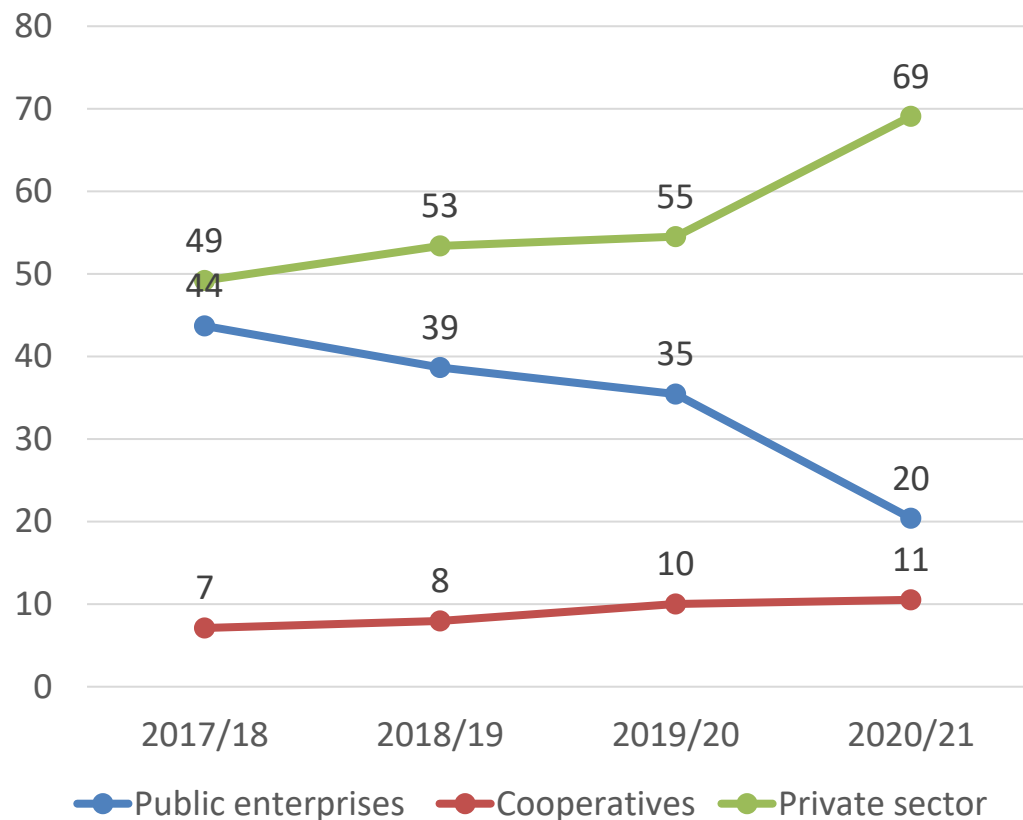
ICT sector and digital reform

Results of the Homegrown Economic Reform Implementation

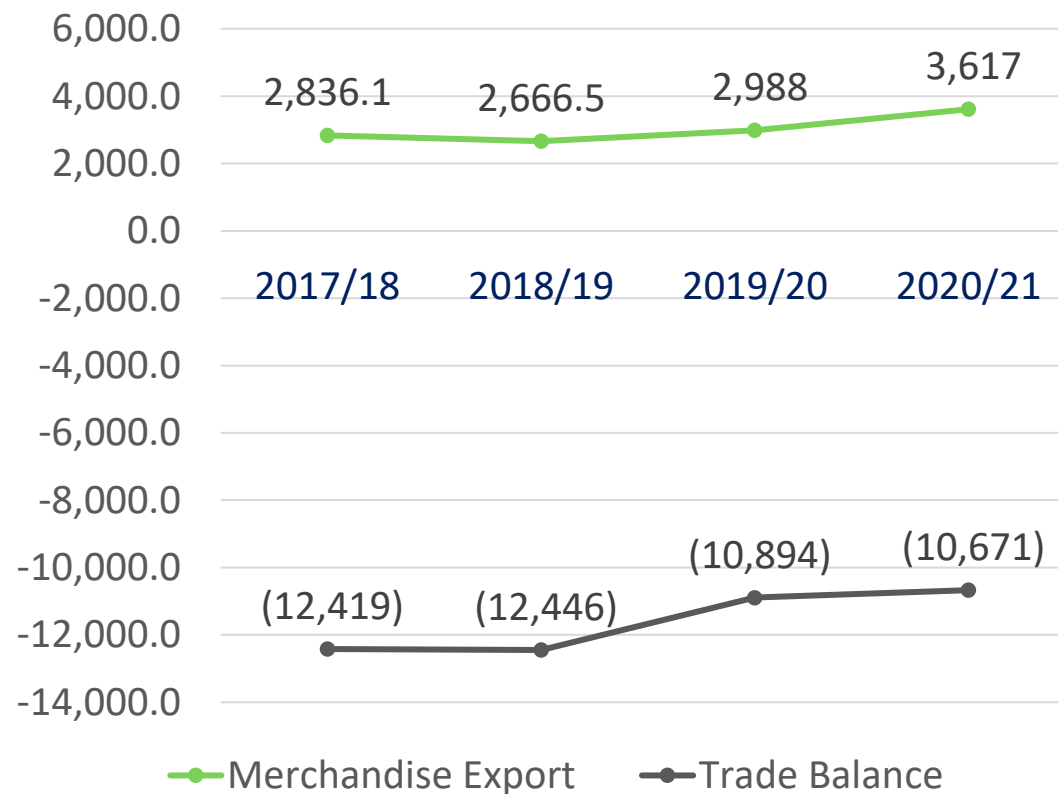
- ... rising credit to the private sector, inclusion
- ... improving export earnings



Share of total credit disbursements by Institutional Sectors (%)



Foreign trade: Merchandise Export and Trade Balance (Billion USD)



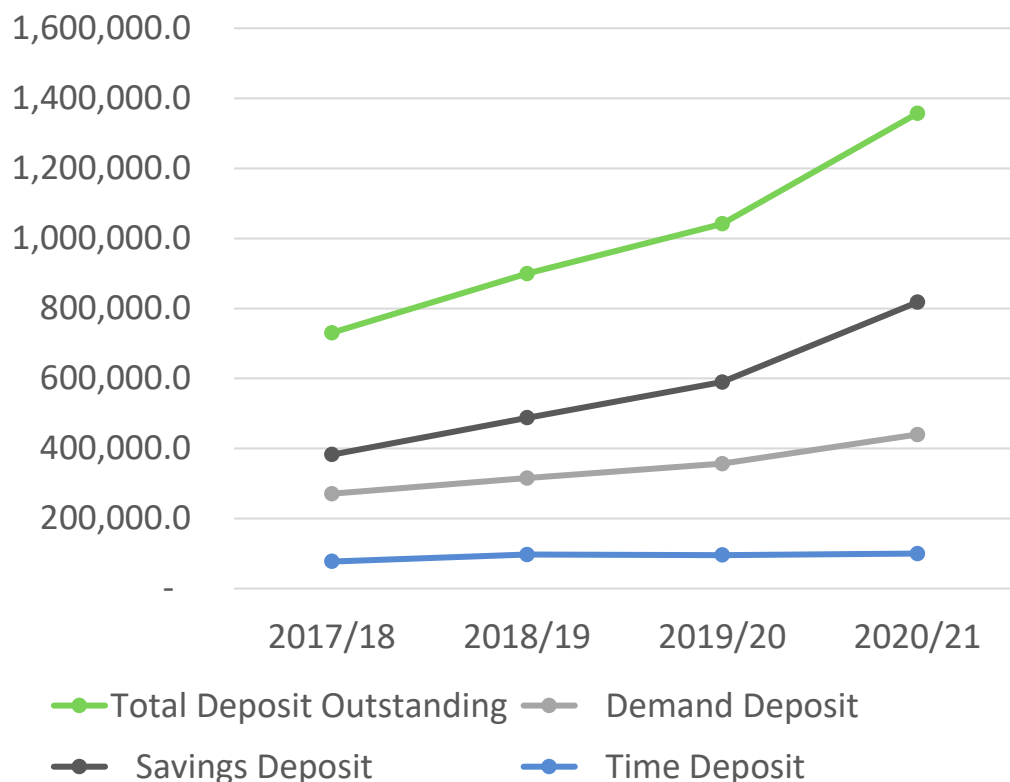
Results of the Homegrown Economic Reform Implementation

... rising domestic finance, not deterred by the pandemic and other challenges

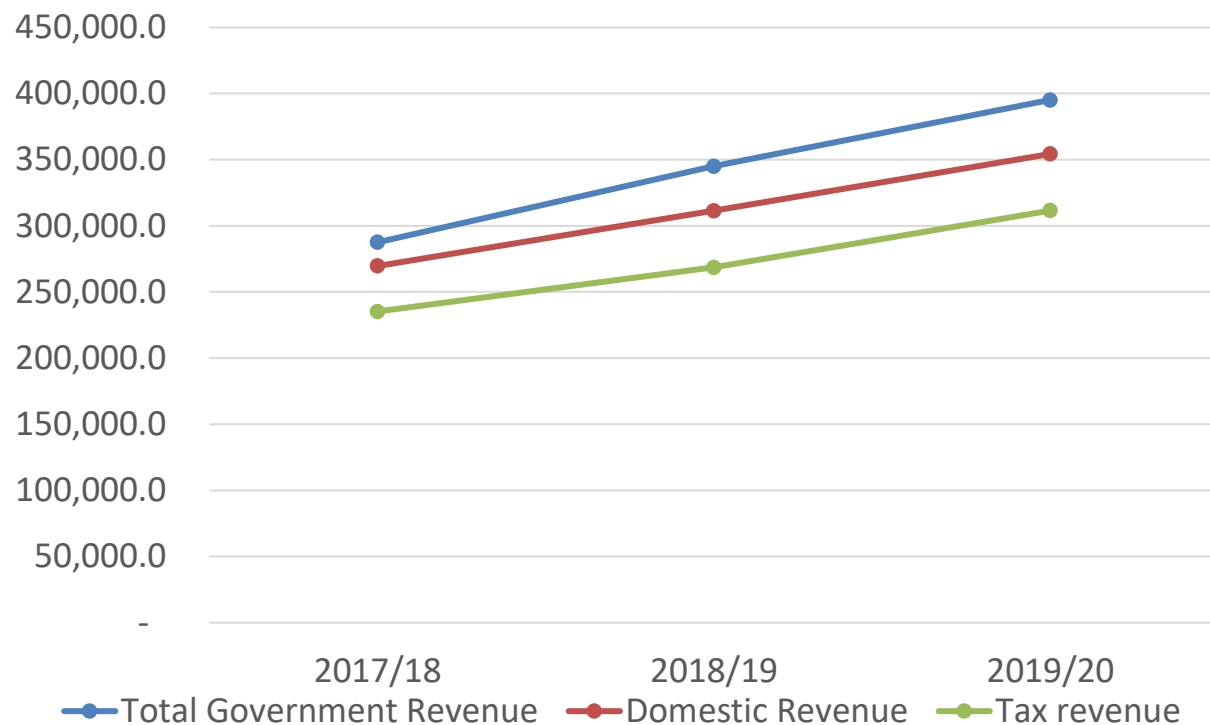


Revenue and Resources Mobilization

Total deposits of the banking system (Million Birr)



Government revenue collection including tax revenues (Million Birr)



The Ten-years Development Plan



Overarching Objectives

01. To accelerate the path to prosperity through a **private sector-led** pragmatic market economy
02. To maintain **macroeconomic stability** and ensure sustainable job opportunities
03. To ensure **structural transformation** through productivity and competitiveness
04. To ensure the quality and universal **accessibility of social services and infrastructure**
05. To ensure competitive, independent, and quality **public service system**
06. To build **just and inclusive institutions** that would ensure peaceful society

Strategic Pillars of the Ten-Year Development Plan



- 1. Quality growth and shared prosperity;**
- 2. Productivity and competitiveness;**
- 3. Technological capability and digital economy,**
- 4. Sustainable development financing;**
- 5. Private sector-led economic growth;**
- 6. Resilient green economy;**
- 7. Institutional transformation;**
- 8. Gender and Social inclusiveness;**
- 9. Justice and efficient public services;**
- 10. Peace building and regional economic cooperation**

Priority Focus Areas of the Ten Years Development Plan



- 1. Multisectoral sources of growth and job opportunities**
- 2. Ensuring sustainable and inclusive development financing**
- 3. Harnessing the demographic dividend**
- 4. Improving the quality and efficiency of infrastructure projects**
- 5. Managing urban development and making urbanization sustainable**
- 6. Building Peace, Justice, and inclusive institutions**

Economic Growth



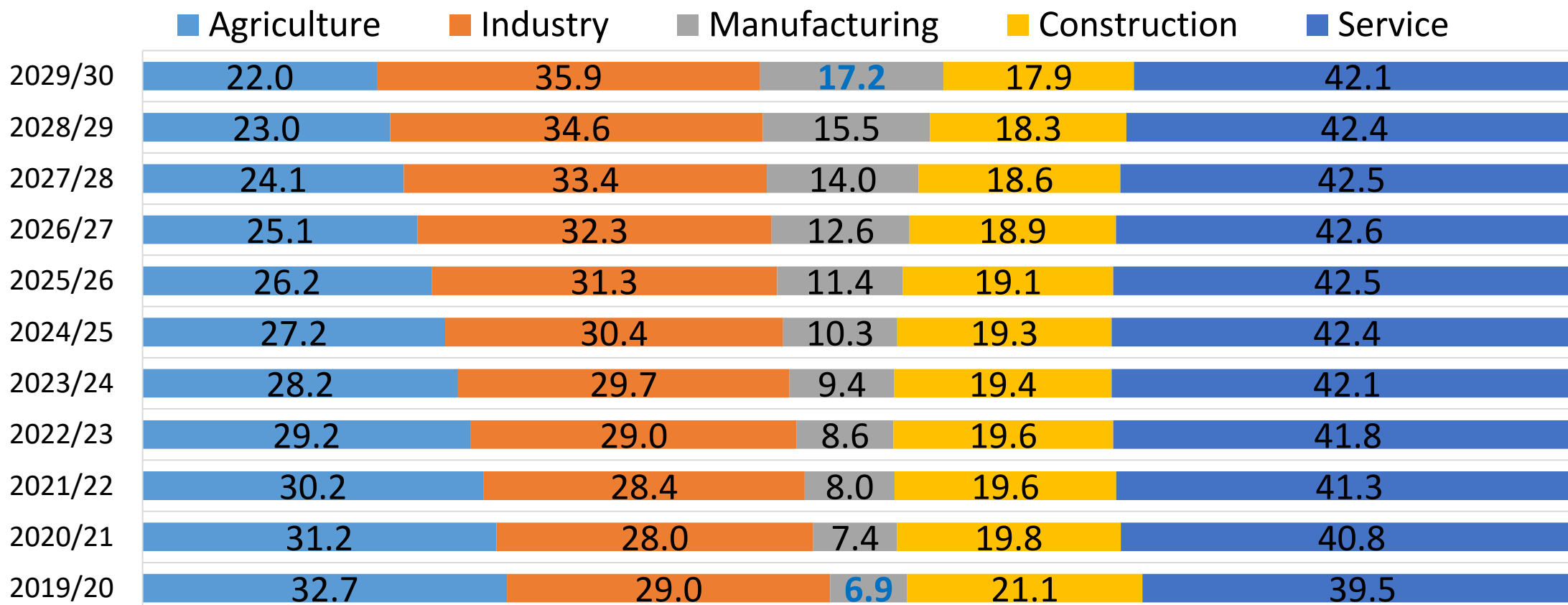
- ✓ The economy will stay in its high growth trajectory
- ✓ . . . average annual growth rate of 10% has been targeted
- ✓ . . . and this is sufficient to reduce poverty from 19% in 2019/20 to 7% in 2029/30

Sectors	Average			
	2015/16-2019/20	2020/21-2024/25	2025/26-2029/30	2020/21-2029/30
Agriculture	4.1	5.5	6.2	5.9
Industry	15.2	11.4	14.6	13
Manufacturing	13.0	18.4	22.9	20.6
Construction	17.3	8.5	9.2	8.9
Service	8.2	10.4	10.7	10.6
Real GDP	8.2	9.2	10.9	10

Structural Transformation



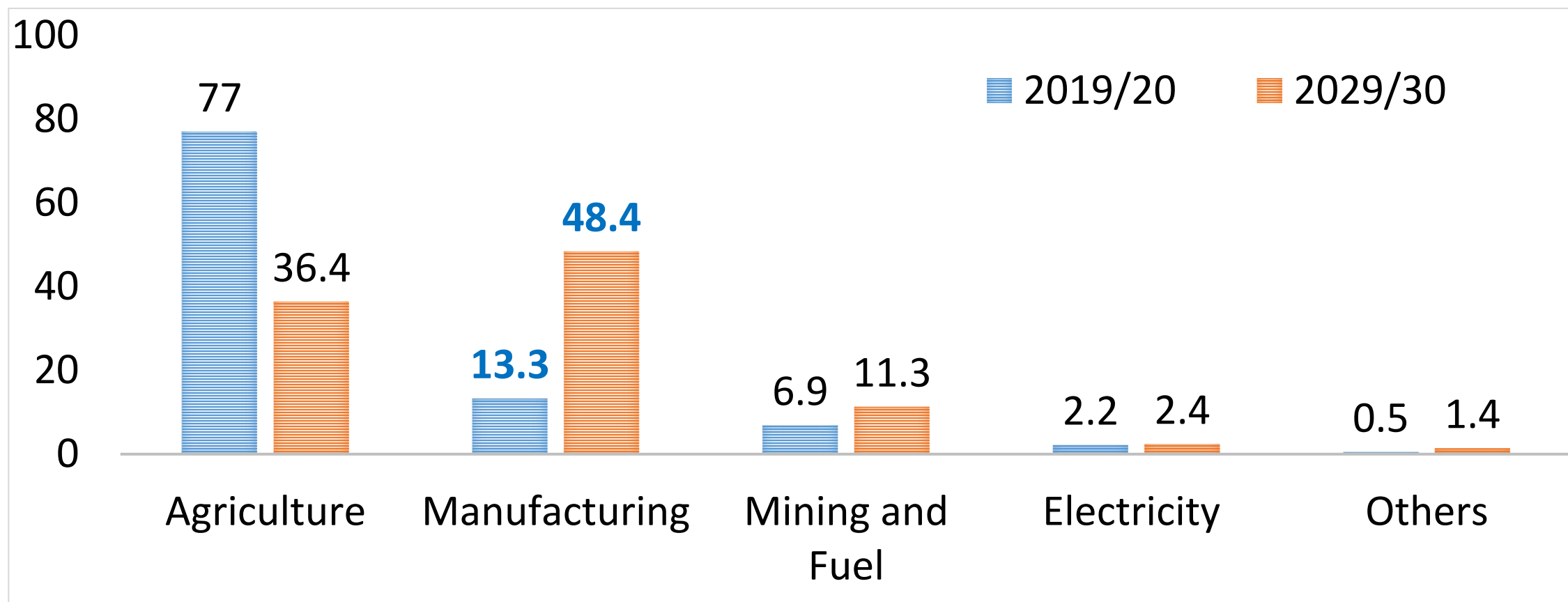
Sectoral Composition of GDP (%): The share of Agriculture in GDP to decline, leaving way for the value adding Industrial Sector (mainly Manufacturing)



Structural transformation continued



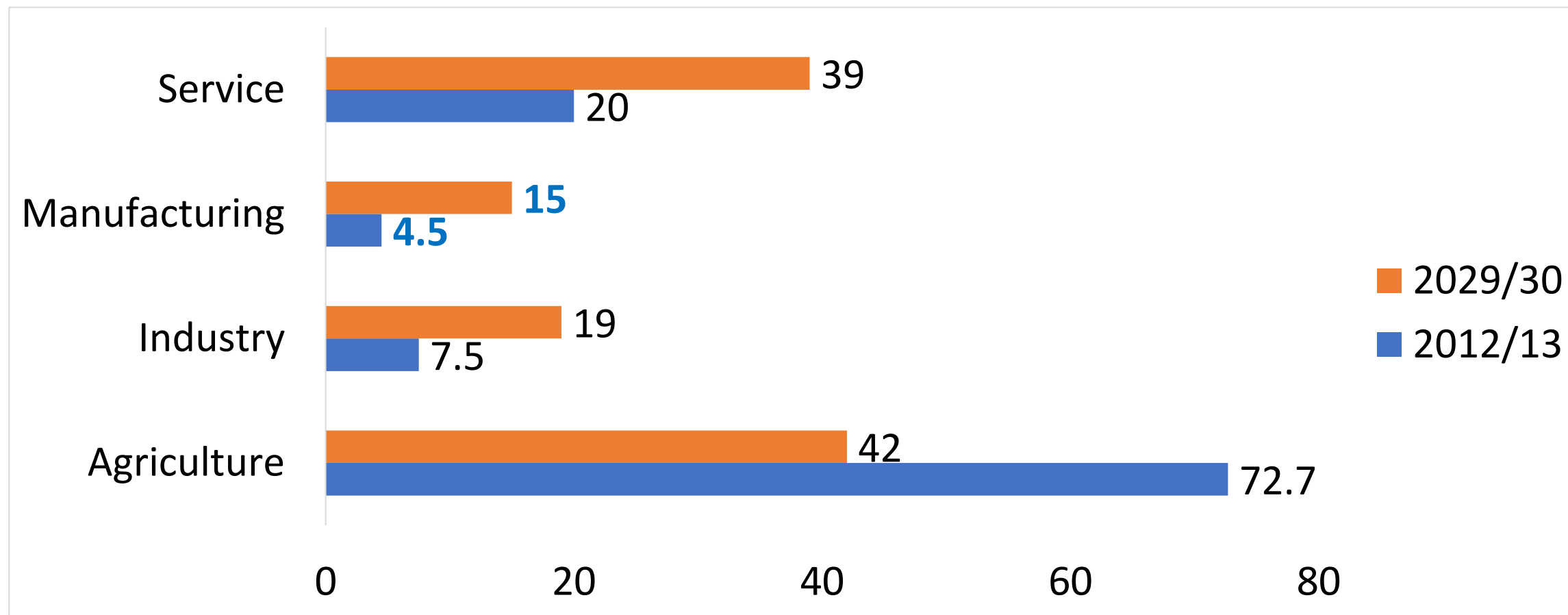
Composition of export goods by major sectors (%): Manufactured goods to dominate the export market, a departure from past trends



Structural transformation continued



Labour force participation (%): Shift in **labour force participation** from Agriculture to Industry (predominantly to Manufacturing) & Services



The Ten-year Development Plan has been linked with Global and Regional Development Commitments at the GOAL and INDICATOR levels



The Sustainable Development Goals

The ten-years Development Plan



THE ECONOMY

- ✓ The macroeconomic Plan
- ✓ Economic sector plan
- ✓ Infrastructure Plan

THE SOCIETY

- ✓ Population and human development plan
- ✓ Peace, justice, good governance
- ✓ Gender, social protection & social inclusion
- ✓ Regional cooperation and partnerships

THE BIOSPHERE

- ✓ Environment, emissions reduction
- ✓ Resilience and climate change issues
- ✓ Water, sanitation, basin development
- ✓ Renewable energy

The Challenges



- 1. The prolonged COVID-19 pandemic**
- 2. Unprecedented level of drought, exacerbated by a changing climate**
- 3. The after effect of the conflict in Northern Ethiopia**
- 4. Shifting focus to rehabilitation and reconstruction of the war's damage**
- 5. Rising global commodity prices [fuel, fertilizer, etc.]**
- 6. Changing external environment, including suspension from AGOA**
- 7. Geopolitical tensions and falling external financing**

The Prospects



- 1. Possible productivity gain from increased digitalization, GERD**
- 2. More opportunities from opening up of SOEs to private investment**
- 3. Liberalization of certain markets and services, improve efficiency**
- 4. New trade opportunities (AfCFTA, Zero Tariff export to China)**
- 5. Prospect appears to be cautiously positive, but not impressive**
- 6. Significant number of the plan's targets unlikely to be met**
- 7. Need for possible revision and refocusing**



Thank You!